

Message Text

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21

ACTION XMB-04

INFO OCT-01 EA-07 ISO-00 EB-07 STR-04 IO-10 CEA-01 AID-05

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00

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R 190605Z AUG 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 9806

INFO AMCONSUL MEDAN

AMCONSUL SURABAYA

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EO 11652: NA

TAGS: EFIN BEXP ID

SUBJECT: IMF/IBRD ANNUAL MEETINGS -- GOI/EXIM BANK
CONSULTATIONS

REFS: A) STATE 181729

B) JAKARTA 9443

1. JULIANTO, DIRECTOR GENERAL MONETARY AFFAIRS, GOI
MINISTRY OF FINANCE, MET WITH E/CM COUNSELOR AUGUST 15
TO REVIEW TOPICS GOI BANK AND FUND DELEGATION PLANNED TO
RAISE IN BILATERAL DISCUSSIONS WITH EXIM BANK IN
WASHINGTON. IN DISCUSSING GOI'S DIFFICULTIES IN
COMPLETING ARRANGEMENTS FOR COMMERCIAL PORTION EXIM BANK
APPROVED CREDITS, JULIANTO NOTED THAT A NUMBER OF
"CONTRACTS" HAVE TO BE FINALIZED BY BANK INDONESIA (BI).
IT WAS SUGGESTED THAT USE OF WORD "CONTRACTS" MAY BE ONE OF
SEMANTIC PROBLEMS INVOLVED BECAUSE USE OF WORD "CONTRACTS"
TO REFER TO CREDIT AGREEMENTS BETWEEN BI AND COMMERCIAL
BANKS CREATES CONFUSION WITH USE OF WORD "CONTRACT/ TO
DESIGNATE TRANSACTION BETWEEN US COMMODITIES OR SERVICE
SUPPLIER AND END USING GOI AGENCY.

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2. JULIANTO REPORTED THAT FOUR SUCH "CONTRACTS" ARE IN

ADVANCE STAGE AND EXPECTED TO BE SIGNED IN IMMEDIATE FUTURE AS FOLLOWS " CHASE MANHATTAN FOR GRESLIK CEMENT; MANUFACTURERS HANOVER TRUST FOR TRAINING AIRCRAFT AND CALIBRATION EQUIPMENT; AND AMERICAN EXPRESS BANK FOR PORT EQUIPMENT AND SECONDLY HAROBOR DREDGES. HE ADDED THAT GRESLIK PROJECT MAY HAVE SOME DIFFICULTIES BEACUSE OF COST OVERRUNS AND THEREFORE AMOUNT OF CREDIT MAY HAVE TO BE INCREASED. JULIANTO OBSERVED THAT BANK OF MAERICA ACTIVELY PURSUING VERY RECENT MINFIN/BI REQUEST FOR \$100 MILLION COMMERCIAL FINANCING FOR DOMSAT PROJECT. HE REPORTED THAT ALL ABOVE WOULD BE REVIEWED WITH EXIM BY BI MEMBERS OF GOI DELEGATION BUT THAT MAIN DISCUSSIONS WOULD CENTER ON FOLLOWING EXIM APPROVED CREDITS WHICH ARE NOT IN ADVANCESTAGE OF NEGOTIATION WITH COMMERCIAL BANKS. ACCORDING JULIANTO MOST URGENT OF THESE IS MASS MEDIA (GATES AND AMPEX) WHICH HE SAID BI MAY FINANXCE INITIALLY; PLN PROJECT FOR JAKARTA AND SURABAYA FOR WHICH FNCB WAS ASKED TO FINANCE \$39 MILLION BUT THAT BI HAS RECEIVED NO RESPONSE FROM FNCB; TIDAL SWANP DREDGES FOR WHICH KUHN-LOEB HAS SUGGESTED PITTSBURG NATIONAL BANK; AND HIGHWAY EQUIPMENT CREDIT WHICH HAS NOT RECEIVED ANY CONSIDERATION BY COMMERCIAL BANK.

3. JULIANTO REPORTED THAT GARUDA INDONESIAN AIRLINE PRESIDENT WIWEKO SAID THAT EXIM CREDIT FOR THREE DC 9'S WILL BE SETTLED "SHORTLY" BUT THAT REQUEST TO EXIM FOR CONSIDERATION OF FINANCING FOR TWO DC 10'S IS IN "TROUBLE" DESPITE \$15 MILLION PRE-FINANCING. HE NOTED THAT APPLICATIONS TO EXIM BEEN BASED ON QUOTATION OF \$62 MILLION BUT THAT THIS WOULD BE INCREASED TO \$74 MILLION TO COVER SPARES WHICH HAD NOT BEEN INCLUDED IN THE ORIGINAL SUBMISSION. REPORTEDLY WIWEKO SAID EXIM NOT ENTHUSIASTIC ABOUT DC 10'S BECAUSE THEY WOULD COMPETE DIRECTLY WITH U.S. FLAG INTERNATIONAL CARRIERS. JULIANTO SAID THAT GROUP CALLED "PAFCO" HAD OFFERED TO DO COMMERCIAL PORTION OF FINANCING FOR DC 10'S (FYI - FNCB OFFICER INFORMED E/CM COUNSELOR THAT CITY BANK WAS SOURCE OF WIWEKO'S INFORMATION CONCERNING DC 10'S BUT THAT EXIM'S LACK OF ENTHUSIASM STEMMED FROM THEIR QUESTIONING OF NEED FOR SUCH AIRCRAFT. END FYI.)

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4. NO NEW PROPOSALS WILL BE RAISED WITH EXIM ACCORDING TO JULIANTO. HE ADDED THAT BI WOULD BE PREPARED TO PROVIDE SOME OF BASIC DATA ON BALANCE OF PAYMENTS REQUESTED BY CLARK AND CLAPP AND THIS INFORMATION BEING SOUGHT.

5. JULIANTO SAID GOI HAD BEEN ADVISED THAT MACK CLAPP NO LONGER EMPLOYED BY EXIM BANK AND THAT HE DID NOT KNOW NAME OF PROJECT LOAN OFFICER FOR INDONESIA REPLACING CLAPP.

(FYI - SAME FNCB SOURCE AS ABOVE REPEATED THIS REPORT.
END FYI.) EMBASSY WOULD APPRECIATE CONFIRMATION OR DENIAL
OF THIS REPORT AND IF CORRECT NAME OF NEW PROJECT LOAN
OFFICER SINCE EMBASSY IS IN CONSTANT RECEIPT OF QUESTIONS
FROM U.S. BUSINESSMEN FOR NAME OF EXIM BANK PERSONNEL
DEALING WITH INDONESIA. EMBASSY HAS BEEN GIVING NAMES OF
BOARD MEMBER CLARK, VICE PRESIDENT HOUSTON AND ACTING
EXECUTIVE VICE PRESIDENT GLICK IN ADDITION TO CLAPP.
NEWSOM

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